

**MOR-1****UNITED STATES BANKRUPTCY COURT**

CASE NAME: DEEP MARINE 3, LLC  
CASE NUMBER: 09-39317  
PROPOSED PLAN DATE: TBD

PETITION DATE: 12/4/2009  
DISTRICT OF TEXAS: SOUTHERN  
DIVISION: HOUSTON

**MONTHLY OPERATING REPORT SUMMARY FOR DECEMBER 2009**

MONTH	DEC 2009 (1)					
REVENUES (MOR-6)	0.00	0.00	0.00	0.00	0.00	0.00
INCOME BEFORE INT; DEPREC./TAX (MOR-6)	0.00	0.00	0.00	0.00	0.00	0.00
NET INCOME (LOSS) (MOR-6)	(54,150.00)	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO INSIDERS (MOR-9)	0.00	0.00	0.00	0.00	0.00	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DISBURSEMENTS (MOR-8)	0.00	0.00	0.00	0.00	0.00	0.00

\*\*\*The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee\*\*\*

**REQUIRED INSURANCE MAINTAINED**  
**AS OF SIGNATURE DATE**

CASUALTY	N/A	EXP. DATE	- -
LIABILITY	N/A	EXP. DATE	- -
VEHICLE	N/A	EXP. DATE	- -
WORKER'S	N/A	EXP. DATE	- -
OTHER	N/A	EXP. DATE	- -

Are all accounts receivable being collected within terms?

CIRCLE ONE

☒ Yes ☐ No

Are all post-petition liabilities, including taxes, being paid within terms?

☒ Yes ☐ No

Have any pre-petition liabilities been paid?

Yes ☒ No

If so, describe

Are all funds received being deposited into DIP bank accounts?

☒ Yes ☐ No

Were any assets disposed of outside the normal course of business?

Yes ☒ No

If so, describe

Are all U.S. Trustee Quarterly Fee Payments current?

☒ Yes ☐ No

What is the status of your Plan of Reorganization?

ATTORNEY NAME: Marcy E. Kurtz  
FIRM NAME: Bracewell & Giuliani LLP  
ADDRESS: 711 Louisiana Street, Suite 2300  
CITY, STATE, ZIP: Houston, Texas | 77002-2770  
TELEPHONE/FAX: T: 713.221.1206 | F: 713.221.2125

I certify under penalty of perjury that the following complete  
Monthly Operating Report (MOR), consisting of MOR-1 through  
MOR-9 plus attachments, is true and correct.

SIGNED X

  
(OBJECTIVE SIGNATURE)

TITLE: Chief Restructuring Officer

John D. Bittner

(PRINT NAME OF SIGNATORY)

1/20/2009

DATE

**MOR-1****Footnotes**

(1) Includes the period from 12/4/2009 to 12/31/2009.

Revised 07/01/98

CASE NAME: DEEP MARINE 3, LLC

CASE NUMBER: 09-39317

**COMPARATIVE BALANCE SHEETS**

<b>ASSETS</b>	<b>FILING DATE*</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>	<b>MONTH</b>
	12/4/2009	12/31/2009					
<b>CURRENT ASSETS</b>							
Cash (MOR-7)	0.00	0.00					
Accounts Receivable, Net	0.00	0.00					
Inventory: Lower of Cost or Market	0.00	0.00					
Prepaid Expenses	0.00	0.00					
Investments	0.00	0.00					
Other	0.00	0.00					
<b>TOTAL CURRENT ASSETS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>PROPERTY, PLANT &amp; EQUIP. @ COST</b>	<b>16,000,000.00</b>	<b>16,000,000.00</b>					
Less Accumulated Depreciation	1,891,378.00	1,945,528.00					
<b>NET BOOK VALUE OF PP &amp; E</b>	<b>14,108,622.00</b>	<b>14,054,472.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>OTHER ASSETS</b>							
1. Tax Deposits	0.00	0.00					
2. Investments in Subsidiaries	0.00	0.00					
3. Electric Deposit	0.00	0.00					
4.	0.00	0.00					
<b>TOTAL ASSETS</b>	<b>\$14,108,622.00</b>	<b>\$14,054,472.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

\* Per Schedules and Statement of Affairs

**MOR-2**

Revised 07/01/98

CASE NAME: DEEP MARINE 3, LLC

CASE NUMBER: 09-39317

## COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH	MONTH	MONTH	MONTH	MONTH	MONTH
	12/4/2009	12/31/2009					
<b>LIABILITIES</b>							
POST-PETITION LIABILITIES(MOR-4)	0.00	0.00					
<b>PRE-PETITION LIABILITIES</b>							
Notes Payable - Secured	4,121,281.00	4,121,281.00					
Priority Debt	0.00	0.00					
Federal Income Tax	0.00	0.00					
FICA/Withholding	0.00	0.00					
Unsecured Debt (1)	11,523,445.00	11,523,445.00					
Other	0.00	0.00					
<b>TOTAL PRE-PETITION LIABILITIES</b>	15,644,726.00	15,644,726.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL LIABILITIES</b>	15,644,726.00	15,644,726.00	0.00	0.00	0.00	0.00	0.00
<b>OWNER'S EQUITY (DEFICIT)</b>							
PREFERRED STOCK	\$0.00	\$0.00					
COMMON STOCK	\$0.00	\$0.00					
ADDITIONAL PAID-IN CAPITAL	\$0.00	\$0.00					
RETAINED EARNINGS: Filing Date	(\$1,536,104.00)	(\$1,536,104.00)					
RETAINED EARNINGS: Post Filing Date	0.00	(54,150.00)					
<b>TOTAL OWNER'S EQUITY (NET WORTH)</b>	(\$1,536,104.00)	(\$1,590,254.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTAL LIABILITIES &amp; OWNERS EQUITY</b>	\$14,108,622.00	\$14,054,472.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

\* Per Schedules and Statement of Affairs

MOR-3

Revised 07/01/98

**Footnotes**

(1) Consists of intercompany payable to Deep Marine Technology, Inc.

CASE NAME: DEEP MARINE 3, LLC  
CASE NUMBER: 09-39317

**SCHEDULE OF POST-PETITION LIABILITIES**

	MONTH 12/31/2009	MONTH	MONTH	MONTH	MONTH	MONTH
<b>TRADE ACCOUNTS PAYABLE</b>	0.00					
<b>TAX PAYABLE</b>						
Federal Payroll Taxes	0.00					
State Payroll Taxes	0.00					
Ad Valorem Taxes	0.00					
Other Taxes	0.00					
<b>TOTAL TAXES PAYABLE</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>SECURED DEBT POST-PETITION</b>	0.00					
<b>ACCRUED INTEREST PAYABLE (1)</b>	0.00					
<b>ACCRUED PROFESSIONAL FEES*</b>	0.00					
<b>OTHER ACCRUED LIABILITIES</b>						
1.	0.00					
2.	0.00					
3.	0.00					
<b>TOTAL POST-PETITION LIABILITIES (MOR-3)</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

\*Payment requires Court Approval  
**MOR-4**

Revised 07/01/98

**Footnotes**

(1) The Debtors have not accrued interest on any pre-petition debt since the petition date. Certain secured debt holders may or may not be entitled to post-petition interest and the Debtors reserve the right to amend their monthly operating reports or make adjustments in future periods with respect to accruing post-petition interest.

CASE NAME: DEEP MARINE 3, LLC

CASE NUMBER: 09-39317

AGING OF POST-PETITION LIABILITIES  
MONTH 12/31/2009

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	LOCAL TAXES	AD VALOREM, OTHER TAXES
0-30	0.00	0.00	0.00	0.00	0.00	0.00
31-60	0.00	0.00	0.00	0.00	0.00	0.00
61-90	0.00	0.00	0.00	0.00	0.00	0.00
91+	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

## AGING OF ACCOUNTS RECEIVABLE

MONTH	12/31/2009					
0-30 DAYS	0.00					
31-60 DAYS	0.00					
61-90 DAYS	0.00					
91+ DAYS	0.00					
<b>TOTAL</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>

MOR-5

Revised 07/01/98

CASE NAME: DEEP MARINE 3, LLC  
CASE NUMBER: 09-39317

## STATEMENT OF INCOME (LOSS)

	MONTH 12/4/09 - 12/31/09	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
REVENUES (MOR-1)	0.00						0.00
TOTAL COST OF REVENUES	0.00						0.00
GROSS PROFIT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>OPERATING EXPENSES:</b>							
Selling & Marketing	0.00						0.00
General & Administrative	0.00						0.00
Insiders Compensation	0.00						0.00
Professional Fees	0.00						0.00
Other	0.00						0.00
Other	0.00						0.00
<b>TOTAL OPERATING EXPENSES</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INCOME BEFORE INT, DEPR/TAX (MOR-1)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
INTEREST EXPENSE	0.00						0.00
DEPRECIATION	54,150.00						54,150.00
OTHER (INCOME) EXPENSE*	0.00						0.00
OTHER ITEMS**	0.00						0.00
TOTAL INT, DEPR & OTHER ITEMS	54,150.00	0.00	0.00	0.00	0.00	0.00	54,150.00
NET INCOME BEFORE TAXES	(54,150.00)	0.00	0.00	0.00	0.00	0.00	(54,150.00)
FEDERAL INCOME TAXES	0.00						0.00
<b>NET INCOME (LOSS) (MOR-1)</b>	<b>(\$54,150.00)</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$54,150.00)</b>

Accrual Accounting Required, Otherwise Footnote with Explanation.

\* Footnote Mandatory.

\*\* Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

**MOR-6**

Revised 07/01/98

CASE NAME: DEEP MARINE 3, LLC  
CASE NUMBER: 09-39317

CASH RECEIPTS AND DISBURSEMENTS	MONTH 12/4/09 - 12/31/09	MONTH	MONTH	MONTH	MONTH	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>RECEIPTS:</b>							
2. CASH SALES	0.00						0.00
3. COLLECTION OF ACCOUNTS RECEIVABLE	0.00						0.00
4. LOANS & ADVANCES (attach list)	0.00						0.00
5. SALE OF ASSETS	0.00						0.00
6. OTHER (attach list)	0.00						0.00
TOTAL RECEIPTS**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(Withdrawal) Contribution by Individual Debtor MFR-2*	0.00						0.00
<b>DISBURSEMENTS:</b>							
7. NET PAYROLL	0.00						0.00
8. PAYROLL TAXES PAID	0.00						0.00
9. SALES, USE & OTHER TAXES PAID	0.00						0.00
10. SECURED/RENTAL/LEASES	0.00						0.00
11. UTILITIES & TELEPHONE	0.00						0.00
12. INSURANCE	0.00						0.00
13. INVENTORY PURCHASES	0.00						0.00
14. VEHICLE EXPENSES	0.00						0.00
15. TRAVEL & ENTERTAINMENT	0.00						0.00
16. REPAIRS, MAINTENANCE & SUPPLIES	0.00						0.00
17. ADMINISTRATIVE & SELLING	0.00						0.00
18. OTHER (attach list)	0.00						0.00
TOTAL DISBURSEMENTS FROM OPERATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
19. PROFESSIONAL FEES	0.00						0.00
20. U.S. TRUSTEE FEES	0.00						0.00
21. OTHER REORGANIZATION EXPENSES (attach list)	0.00						0.00
TOTAL DISBURSEMENTS**	0.00	0.00	0.00	0.00	0.00	0.00	0.00
22. NET CASH FLOW	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23. CASH - END OF MONTH (MOR-2)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

\* Applies to Individual debtors only

\*\*Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

Revised 07/01/98

MOR-7

CASE NAME: DEEP MARINE 3, LLC  
CASE NUMBER: 09-39317

**CASH ACCOUNT RECONCILIATION**  
**MONTH OF** 12/4/09 - 12/31/09

BANK NAME	N/A	N/A	N/A	N/A	N/A
ACCOUNT NUMBER	N/A	N/A	N/A	N/A	N/A
<b>ACCOUNT TYPE</b>	<b>OPERATING</b>	<b>PAYROLL</b>	<b>TAX</b>	<b>OTHER FUNDS</b>	<b>TOTAL</b>
BANK BALANCE	0.00	0.00	0.00	0.00	\$0.00
DEPOSITS IN TRANSIT	0.00	0.00	0.00	0.00	\$0.00
OUTSTANDING CHECKS	0.00	0.00	0.00	0.00	\$0.00
ADJUSTED BANK BALANCE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
BEGINNING CASH - PER BOOKS	0.00	0.00	0.00	0.00	\$0.00
RECEIPTS*	0.00	0.00	0.00	0.00	\$0.00
TRANSFERS BETWEEN ACCOUNTS	0.00	0.00	0.00	0.00	\$0.00
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2	0.00	0.00	0.00	0.00	\$0.00
CHECKS/OTHER DISBURSEMENTS*	0.00	0.00	0.00	0.00	\$0.00
ENDING CASH - PER BOOKS	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**MOR-8**

\*Numbers should balance (match) TOTAL RECEIPTS and  
TOTAL DISBURSEMENTS lines on MOR-7

*Revised 07/01/98*



CASE NAME: DEEP MARINE 3, LLC  
CASE NUMBER: 09-39317

### PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH 12/4/09 - 12/31/09	MONTH	MONTH	MONTH	MONTH	MONTH
1.						
2.						
3.						
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

PROFESSIONALS	MONTH 12/4/09 - 12/31/09	MONTH	MONTH	MONTH	MONTH	MONTH
1.						
2.						
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**MOR-9**

*Revised 07/01/98*